

Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 CEA-01 COME-00 EB-07 FRB-03 CIEP-01 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 OIC-02 AF-06

ARA-06 NEA-10 AGR-05 TAR-01 INT-05 IO-10 /137 W

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R 221705Z JUL 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 9349

INFO ALL EC CAPITALS 944

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ETRD, EEC, GATT

SUBJECT: WALKER-SOAMES DISCUSSION OF MTN

REF: GENEVA 5749 (NOTAL)

1. SUMMARY: DEPUTY STR WALKER MET WITH EC COMMISSION VICE PRESIDENT SOAMES JULY 21 TO DISCUSS THE MANAGEMENT OF THE MTN. THEY AGREED THAT IT IS NECESSARY FOR THE MAIN NEGOTIATING PARTNERS TO ORGANIZE THE NEGOTIATIONS. HIJZEN WILL BE VISITING WASHINGTON THIS AUTUMN FOR FURTHER EXCHANGE OF VIEWS. SOAMES THINKS THAT THE DECEMBER TNC MUST PRODUCE SOME CONCRETE RESULTS. HE BELIEVES THAT BY THEN THE LDCE WILL NO LONGER BE PLACATED BY THE OPPORTUNITY TO MAKE SPEECHES. SOAMES RAISED QUESTIONS ABOUT CURRENT GRAINS SITUATION (IN LIGHT OF SOVIET PURCHASES AND POOR EUROPEAN CROP) AND SUGGESTED THAT URGENCY TO MOVE AHEAD ON RESERVES NEGOTIATIONS IN LONDON HAD EASED. HE ASKED THAT THE US NOT DELAY FINAL ACTION IN THE COUNTERVAILING CASES REGARDING WHICH THERE HAVE BEEN PRELIMINARY FINDINGS UNTIL

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NEAR THE END OF THE SIX MONTHS ALLOWED BY LAW. END SUMMARY.

2. AMBASSADOR WALKER, DEPUTY DTR, TOGETHER WITH AMBASSADOR GREENWALD, CALLED ON SOAMES JULY 21. HIJZEN ALSO ATTENDED THE MEETING.

3. AMBASSADOR WALKER OPENED BY SAYING HE VIEWED THE MEETING AS FOLLOWUP TO THE RECENT GUNDELACH VISIT TO WASHINGTON. THE PURPOSE WAS TO DEVELOP A SYSTEM OF CLOSE US-EC CONSULTATION REGARDING THE CONDUCT OF THE MTN--IN GENEVA, IN BRUSSELS, AND IN WASHINGTON. HE NOTED THAT LONG HAD (REFTEL) SPOKEN TO HIM OF THE NEED FOR THE "BIG THREE"--THE US, EC, AND JAPAN--TO GET TOGETHER ON HOW TO PROCEED IN THE MTN. LONG HAS ALSO SUGGESTED HE WOULD TAKE A STRONG PERSONAL ROLE IN THIS EFFORT, BUT AMBASSADOR WALKER FELT THAT NOT TOO MUCH WEIGHT SHOULD BE GIVEN TO THIS; HENCE, THE MAIN PARTICIPANTS, AND ESPECIALLY THE US AND THE EC, WOULD HAVE TO TAKE THE RESPONSIBILITY.

4. SOAMES SAID HE THOROUGHLY AGREED WITH THIS. HIJZEN SAID US-EC AGREEMENT ON MANAGEMENT OF THE NEGOTIATIONS WAS "HIGH ON HIS LIST". HE ALREADY INTENDED TO VISIT WASHINGTON IN MID-SEPTEMBER (IMMEDIATELY AFTER THE SEVENTH SPECIAL SESSION) SINCE HE WOULD BE IN NEW YORK ANYWAY. HE HOPED THEN TO AGREE ON A LIST OF TOPICS TO BE THE SUBJECT OF BILATERAL DISCUSSIONS BETWEEN US/EC AND TO ESTABLISH A SCHEDULE FOR THE TALKS. IN ADDITION, HE WOULD BE PREPARED TO TALK ABOUT AGRICULTURAL PROBLEMS AT THE SEPTEMBER MEETING.

5. SOAMES SAID HE HAD NOT AGREED WITH THE IDEA OF SETTING TARGETS FOR ACHIEVMENTS IN THE MTN, BUT ON THE OTHER HAND, HE WAS IN FAVOR OF REAPING EARLY CROPS WHEN THEY RIPENED, AND HE FELT THAT THE LDCS WOULD INSIST ON EARLY RESULTS, AT LEAST ON TROPICAL PRODUCTS. AMBASSADOR WALKER SOUGHT TO CLARIFY SOAMES' UNDERSTANDING OF US POSITION ON "INTERIM CONCRETE RESULTS" AS SET OUT IN AMBASSADOR DENT'S TNC SPEECH. HIJZEN ADDED THAT HE WAS HAPPY WITH THE WAY THE JULY TNC HAD ENDED--WITH THE US PROPOSAL FOR INTERIM CONCRETE RESULTS HAVING BEEN MADE WITHOUT THE EC'S BEING COMPELLED TO TAKE POSITION ON IT.

6. AMBASSADOR WALKER STATED THAT THE ADMINISTRATION NOW HAD IN HAND THE RESULTS OF THE SEVERAL SERIES OF HEARINGS HELD IN LIMITED OFFICIAL USE

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RECENT MONTHS. HE EXPECTED THAT BY OCTOBER THE US WOULD BE READY TO NEGOTIATE SERIOUSLY ON SUBSIDIES AND COUNTERVAILING DUTIES, STANDARDS AND OTHER SUBJECTS.

7. BOTH SIDES AGREED THAT LDC PRESSURES ARE MOUNTING, THAT THEY WILL HAVE TO BE CONSULTED MORE ASSIDUOUSLY, AND THAT POSSIBLY EARLY CONCESSIONS ON TROPICAL PRODUCTS WILL HAVE TO BE MADE. AMBASSADOR WALKER NOTED THAT ADAMANT JAPANESE

OPPOSITION TO EARLY AGREEMENT ON TROPICAL PRODUCTS MIGHT
REDUCE THE STRAIN ON THE US AND THE EC. BUT IT WAS AGREED THAT
AN EFFORT WILL HAVE TO BE MADE TO IDENTIFY ADVANTAGES TO LDCS
IN THE PROPOSALS THE US AND EC WILL BE MAKING IN THE FALL AS
PART OF THE BUILDUP TO THE DECEMBER 9 TNC.

8. SOAMES WAS CURIOUS ABOUT THE US POSITION ON TARIFFS AND AGRI-
CULTURE. HE NOTED THAT THE US SEEMED TO HAVE RELAXED ITS
OPPOSITION TO A TARIFF FLOOR. THE US PARTICIPANTS POINTED OUT
TO HIM THAT THE US TARIFF AUTHORITY PROVIDES FOR ELIMINATION
OF DUTIES OF 5 PERCENT AND BELOW, AND THAT THE US HAD NOT TAKEN
A FORMAL POSITION REGARDING A TARIFF FORMULA. WHEN SOAMES AR-
GUED THAT A FLOOR PRESERVED LDC PREFERENCES, HIJZEN CORRECTED
HIM, SAYING THIS MIGHT BE THE RESULT, BUT THE CONCEPT HAD BASI-
CALLY BEEN CONVEIVED AS A WAY OF COMPENSATING THE US, BE PERMIT-
TING IT TO RETAIN LOW DUTIES, FOR THE REDUCTIONS IN HIGH DUTIES
DEMANDED BY THE EC'S HARMONIZATION PROPOSALS. AND BOTH HIJZEN
AND AMBASSADOR GREENWALD ARGUED AGAINST LETTING LDC PREFERENCES
STAND IN THE PATH OF TARIFF CUTTING.

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ARA-06 NEA-10 AGR-05 TAR-01 INT-05 IO-10 /137 W

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R 221705Z JUL 75

FM USMISSION EC BRUSSELS

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INFO ALL EC CAPITALS 945

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9. ON AGRICULTURE, THE TWO SIDES NOTED THAT THE ISSUES INVOLVED HAVE ASSUMED SYMBOLIC IMPORTANCE ON BOTH SIDES OF THE ATLANTIC. AMBASSADOR WALKER REFERRED TO STATUTORY OBLIGATION AND NOTED THAT US AGRICULTURAL INTERESTS, WHICH DO NOT WISH TO HAVE AGRICULTURE LEFT OUT OF THE NEGOTIATIONS ONCE AGAIN, FEAR THAT SEPARATE TREATMENT MEANS JUST THIS. HIJZEN SAID THAT THE STICKING POINT FOR THE EC IS CONSIDERATION OF INDIVIDUAL PROTECTIVE MEASURES OUTSIDE THE CONTEXT OF ALL THE CIRCUMSTANCES AFFECTING TRADE IN AGRICULTURAL COMMODITIES.

10. SOAMES RAISED TWO OTHER SUBJECTS--GRAINS RESERVES AND COUNTERVAILING.

11. ON THE FIRST HE SAID THAT FROM PRESS ACCOUNTS IT APPEARED THE US HAD THE ONLY LARGE SURPLUS THIS YEAR, AND THAT THE USSR WOULD ABSORB MUCH OF THIS SURPLUS. ONE ARGUMENT FOR SEPARATE, RAPID ACTION IN LONDON ON GRAINS RESERVES HAD BEEN THAT THIS YEAR THERE WOULD BE LARGE AMOUNTS OF GRAIN AVAILABLE FOR STOCK-PILING PURPOSES. HE WONDERED WHETHER THIS ARGUMENT HADN'T BEEN LIMITED OFFICIAL USE

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RENDERED MOOT BY LARGE RUSSIAN GRAIN PURCHASES. THE US SIDE TOLD HIM THEY DID NOT HAVE NEW CROP FIGURES, BUT THAT US STILL HOPED TO MAKE PROGRESS IN LONDON.

12. ON COUNTERVAILING, HE ASKED AGAIN (SEE SEPTTEL ON EARLIER SOAMES-GREENWALD CONVERSATION) THAT THE US NOT WAIT UNTIL NEAR THE END OF THE SIX MONTHS PERIOD FOLLOWING PRELIMINARY DETERMINATIONS BEFORE TAKING FINAL ACTION. HE ARGUED THAT THIS PRODUCED UNACCEPTABLE PRESSURES. HE WAS NOT, HOWEVER, HE SAID, ASKING FOR INSTANT ACTION.

13. AMBASSADOR WALKER NOTED THAT IN THE FLOAT GLASS CASE IT WAS IMPORTANT THAT BELGIUM, GERMANY, AND ITALY SUPPLY MORE INFORMATION. HIJZEN SAID HE HAD BEEN TOLD THAT GERMANY NOW HAD DONE SO.

14. SOAMES ARGUED THAT THE EC WOULD NOT PAY FOR AN INJURY PROVISION IN THE US COUNTERVAILING DUTY LAW. AMBASSADOR WALKER SAID THE ONLY FEASIBLE ROUTE TO A US INJURY PROVISION WAS THROUGH AN OVERALL SUBSIDIES--COUNTERVAILING AGREEMENT, AND HIJZEN INDICATED GENERAL AGREEMENT WITH THIS, ALTHOUGH THE LINK COULD NOT BE FORMALLY MADE BY THE EC. HIJZEN'S COMMENTS TRACKED THOSE MADE BY GUNDELACH IN WASHINGTON AND HIJZEN ALSO SPECIFICALLY POINTED TO THE LANGUAGE ON THIS SUBJECT IN HIS TNC SPEECH. GREENWALD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LESS DEVELOPED COUNTRIES, ECONOMIC PROGRAMS, NEGOTIATIONS, COUNTERVAILING DUTIES, MEETINGS, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 22 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ECBRU06610
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750253-0232
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750730/aaaabbbk.tel
Line Count: 219
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 GENEVA 5749
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 22 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 APR 2003 by ShawDG>; APPROVED <23 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WALKER-SOAMES DISCUSSION OF MTN
TAGS: ETRD, US, JA, EEC, GATT, (SOAMES, CHRISTOPHER)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006